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CENTRAL INTELLIGENCE AGENCY

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USIA Sales of Consumer Goods

4. Proceeding with their plans to flood the Austrian market with consumer merchandise, the Soviets have accumulated enough textiles and foodstuffs to fill both the warehouses which the USIA Food Industry Administration owns in Vienna IV, one on Karlsplatz and the other on Hoyosgasse. (3) USIA sugar seems to be in great demand and the wholesale price was raised on 7 August 1950 from 6.60 to 6.75 schillings per kilo. (4)

Trade with the Satellites

5. The fact that in Austrian trade negotiations with the satellite countries the "basic" rate of exchange established in November 1949 is becoming almost fictitious has been borne out in several recent developments. According to Referent Handler, a member of the Polish Trade Delegation in Vienna, the "effective" rate of \$1:21.36 schillings rather than the "basic" rate of \$1:14.40 schillings was used as a clearing relationship in drawing up the recent Austro-Polish trade treaty. (5) It is also reported that all Hungarian government monopolies arranging compensation agreements with Austrian firms are demanding an exchange rate of 30 schillings to the dollar.
6. Several transactions of this sort between Hungarian nationalized firms and Austrian customers are currently being negotiated. Veres, representing Magyar Kulforgalmi, Budapest, would like to sell large quantities of textiles, furs and leather in Austria and has asked "Intrac" G.m.b.H. to handle the compensation arrangements. Grigoriev, Director of USIA's Light Industry Administration, has offered to dispose of this merchandise for Kulforgalmi, but it seems that Veres prefers to deal only with Intrac. "Monimpex", Budapest V, Tukor-utca 4, is still trying to conclude an agreement with USIA to import Hungarian wines and liquor into Austria. During the past few days, Barhely, a director of this firm, has been in Vienna conferring with USIA officials. (6)

Illegal Import-Export Transactions

7. A/O Avtovelo continues to export foodstuffs and other commodities from Hungary for Fritz Durst. (7) This firm has now requested A/O Avtovelo to provide duty free clearance for the import of 30 tons of raw linseed oil and certain unspecified chemicals.

25X1 (1) [redacted]

- (2) [redacted] Comment: There is no Schimmel firm with offices in Vienna I listed in the 1950 Handels-Compass or Industrie-Compass or in the 1949 Vienna telephone directory. [redacted] possibly refer to Schimmel & Co. G.m.b.H., Liesing, Feldgasse 16, dealers in essential oils and essences.

- (3) [redacted] Comment: Soviet plans to initiate a large-scale dumping program were reported in [redacted]

- (4) [redacted] Comment: An estimated 80 percent of the customers in these USIA warehouses are hoarders and blackmarketeers.

- (5) [redacted] Comment: The trend of current Austro-Czech currency discussions is further indication of the difficulty of maintaining the Austrian schilling's official external value in trade with the Peoples Democracies.

- (6) [redacted] Comment: [redacted] it was reported that Markowicz, general director of "Monimpex", had been conferring with USIA officials.

- (7) [redacted] Comment: Fritz Durst was most recently mentioned in [redacted]

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